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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 18-84

May 2, 1984

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

INDIA's 1984/85 wheat crop, which is currently being harvested, is estimated at a record 44.6 million tons, 5 percent or 2.1 million tons above last year's crop, according to the U.S. agricultural counselor in New Delhi. The 1984/85 crop benefited from near-ideal growing conditions during the season. Warm temperatures and dry weather during April have benefited the wheat harvest. During the previous two years, heavy rains in April and May delayed the wheat harvest and caused crop yield and quality losses.

The SOUTH AFRICAN Maize Board recently announced 1984 corn producer prices. Producers will receive 214 rand (about \$171) per ton for both yellow and white corn delivered to the Board, almost 30 percent over last season's level. At times in the past, white corn production received higher payments. The 1984 corn crop will be planted October through December 1984 and begin to reach the market in April-May 1985. This is the largest increase in corn producer prices since 1973/74. South Africa is likely attempting to stimulate production in order to help recover from the two drought-devastated corn crops harvested in 1983 and 1984 that turned South Africa, a traditional corn exporter, into a significant net importer. The minimum corn selling price was also raised nearly 30 percent to 220 rand per ton (about \$176 per ton).

OILSEEDS AND PRODUCTS

Seeking to expand markets for palm oil, MALAYSIA recently hosted an Iranian vegetable oil technical team. Iran is one of the world's largest importers of soybean oil, taking 300,000-350,000 tons annually. Iran currently prohibits the use of palm oil for edible purposes, and the elimination of this regulation could mean the opening of yet another big market for Malaysian palm oil. Malaysia's palm oil production decline gave signs of a reversal in March, although remaining below the year-earlier level for the fourteenth consecutive month.

MEXICO's oilseed imports, mostly soybeans and sunflowerseed, are expected to increase slightly to 1.58 million tons in 1983/84. However, the U.S. share of these imports, which was 95 percent in 1982/83, is expected to fall to about 75-80 percent in 1983/84 and 1984/85.

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Trade sources indicate that Mexico has bought 280,000 tons of soybeans from Brazil and has an option for an additional 120,000 tons. Other competitor sales include 182,000 tons of Argentine sunflowerseed (some of which will likely not be shipped) and 40,000 tons of Canadian rapeseed. Total vegetable oil consumption is expected to fall this year, while feed consumption will increase slightly.

DAIRY, LIVESTOCK AND POULTRY

NEW ZEALAND's 1983/84 beef and veal production is projected to reach 477,000 tons, 8 percent below 1982/83 levels, but 2.5 percent above earlier projections, according to the U.S. agricultural attache in Wellington. The improved outlook is due to excellent pasture condition. Average carcass bovine weights are currently above year ago levels and are projected to be the highest since 1979/80.

Sheep and lamb production for 1983/84 is projected to reach 667,000 tons, unchanged from earlier projections. Slaughter is expected to drop nearly 3 percent but heavier carcass weights will offset the effect of lower slaughter.

First quarter livestock output on state and collective farms in the SOVIET UNION was up in all categories, according to the U.S. agricultural attache in Moscow. Total meat production (live weight basis) was 7 percent above year-earlier levels with beef up 5 percent, pork up 15 percent and poultry meat up 7 percent. Milk production was up 7 percent, with most of the increase due to increased output per cow. Egg production was up 4 percent with per hen productivity up about 2 percent. In addition to the output increases, inventories of cattle, hogs and poultry continue at record levels. However, cow numbers appear to have stabilized.

Improved supplies of both concentrates and forages are the major factors behind these improvements in livestock productivity. Most previous production records were set in 1978 with feed shortages causing production declines in many categories during 1979-82. Good feed supplies for the second consecutive year have enabled the Soviets to surpass previous records.

COTTON AND FIBERS

In the SOVIET UNION, only 2 million hectares had been seeded to cotton as of April 16, 800,000 hectares less than was seeded last year at this time, according to the U.S. agricultural attache in Moscow. The slower seeding pace for the 1984/85 crop is due to cool weather at planting and a backup in tillage work as a result of last year's late harvest. Preliminary data, however, indicate that total cotton area could increase by about 40,000 hectares from the stable level of 3.1-3.2 million hectares maintained over the last several years. All of this area increase is expected to take place in Uzbekistan, the largest cotton producing republic.

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Reports from YUGOSLAVIA indicate cotton imports in 1984 are running significantly ahead of 1983. First quarter 1984 imports were 44,000 tons (200,000 bales), compared with previous years' imports of about 25,000 tons. The improved import picture is attributed to better coordination and planning in the textile industry.

The U.S. share of the market is also expected to improve as a result of GSM-102 credit and reduced foreign supply availability. A recent approval of \$60 million worth of GSM-102 credit guarantees for cotton will allow the purchase of approximately 150,000 bales. As of April 19, the United States shipped more than 100,000 bales to Yugoslavia, compared with last year's figure of less than 50,000 bales.

TOBACCO

Although CANADIAN tobacco production in 1983 recovered from the poor outturn of 1982, total domestic consumption of unmanufactured tobacco in 1983 slipped 3 percent from the 1982 level. The decline reflects reduced utilization of flue-cured tobacco for cigarette production. In the face of escalating retail prices and increased consumer awareness of smoking-related health risks, domestic cigarette production decreased 7 percent from the 1982 level to about 63.9 billion pieces in 1983. Similarly, Canadian exports of unmanufactured tobacco fell from 28,403 tons in 1982 to 23,962 tons in 1983. Exports to the United Kingdom--traditionally Canada's most important export market--dropped from 12,261 tons in 1982 to 8,313 tons in 1983.

The downward trend in Canadian cigarette production and sales is expected to continue in 1984 and further declines in domestic consumption and exports of unmanufactured tobacco are anticipated. In light of the prospects for 1984, the Canadian Tobacco Manufacturers' Council has proposed a 1984 flue-cured production target (subject to negotiation with the grower marketing board) of about 65,000 tons for the province of Ontario as opposed to 97,522 tons in 1983. The province of Ontario accounts for 90 percent of total Canadian flue-cured production.

FRUITS AND NUTS

Trade sources in SPAIN estimate the 1984 almond crop at 55,000 tons (shelled basis). While the trade had earlier believed the almond crop might reach a record 100,000 tons, the crop was reduced by a series of cold waves in early March that caused estimated losses of 40,000-45,000 tons. The damage caused by low temperatures was widely scattered within provinces and even within orchards. Further updates of the crop will be released as new information is received.

WOOD AND WOOD PRODUCTS

INDONESIA has one of the world's largest remaining stands of tropical hardwood. Total forested area is estimated to be in excess of 113 million hectares, approximately 60 percent of Indonesia's land mass. Commercially viable stands, however, occupy only about 57 million hectares. Government estimates indicate that this commercial area could yield 45-55 million cubic meters (CUM) of timber annually.

Afforestation and reforestation have risen fairly steadily over the past 10 years. Nearly 1 million hectares have been either reforested or newly planted to trees each year since 1978.

Indonesia's logging industry expanded rapidly from 1975-78. Roundwood production peaked in 1978 at 31.0 million CUM, then declined to a low of 15.9 million in 1981 due to the global economic recession, as well as a slow-down in logging operations after the government announced log exports would be prohibited beginning in 1985. Some recovery occurred in 1982 and 1983 reflecting growth in the Indonesian timber processing industry. Current estimates place the 1984 log harvest at 29.0 million CUM, the second largest to date, but still below the record cut in 1978.

The plywood industry has expanded significantly in recent years. Indonesia's 1984 output of tropical hardwood plywood is presently estimated at 4.5 million CUM, 34 percent above the 1983 level.

In May 1980, the government issued a decree banning the exports of logs after 1984 in an effort to stimulate exports of processed wood products. For the current year, the government has authorized log exports totaling 1.5 million CUM, half the estimated export volume in 1983. The national plywood industry association (Apkindo) has set a 1984 plywood export target of 2.7 million CUM, 29 percent above 1983.

Along with the decline in log exports, there has been a shift in Indonesia's trading pattern. Japan, South Korea, Taiwan and Singapore were once leading markets for log exports. But since plywood is now the principal export item, Hong Kong, the United States, the Middle East and Singapore have become the leading export markets for Indonesia.

INDONESIAN WOOD PRODUCTS
(1,000 Cubic Meters)

Commodity	Supply & Distribution	1982	1983	1984 1/
Tropical hardwood logs	Production	22,400	26,300	29,000
	Imports	0	0	0
	Total supply	22,400	26,300	29,000
	Exports	3,162	3,000	1,500
	Domestic consumption	19,238	23,300	27,500
	Total distribution	22,400	26,300	29,000
Tropical hardwood lumber 2/	Production	6,790	8,100	9,200
	Imports	0	0	0
	Total supply	6,790	8,100	9,200
	Exports	1,462	2,500	3,200
	Domestic Consumption	5,328	5,600	6,000
	Total distribution	6,790	8,100	9,200

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Tropical hardwood plywood	Beginning Stocks	200	96	146
	Production	2,350	3,350	4,500
	Imports	0	0	0
	Total supply	2,550	3,446	4,646
	Exports	1,365	2,100	2,700
	Domestic Consumption	1,089	1,200	1,800
	Ending Stocks	96	146	146
	Total distribution	2,550	3,446	4,646

1/ Preliminary. 2/ Includes Veneer.

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Selected International Prices

Item	May 1, 1984	Change from previous week	A year ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	197.50	5.38	-2.50
U.S. No. 2 DNS/NS: 14%....	183.00	4.98	-2.50
U.S. No. 2 S.R.W.9/.....	150.50	4.10	-20.50
U.S. No. 3 H.A.D.....	186.25	5.07	-4.75
Canadian No. 1 A: Durum...	198.00	5.39	0
Feed grains:			
U.S. No. 3 Yellow Corn....	157.50	4.00	-6.50
Soybeans and meal:			
U.S. No. 2 Yellow.....	311.00	8.46	-10.75
Brazil 47/48% SoyaPellets	216.00	--	-12.50
U.S. 44% Soybean Meal.....	212.00	--	-13.00
U.S. FARM PRICES 3/			
Wheat.....	N.Q.	N.Q.	N.A.
Barley.....	N.Q.	N.Q.	N.Q.
Corn.....	N.Q.	N.Q.	N.Q.
Sorghum.....	N.Q.	N.Q.	N.Q.
Broilers 4/.....	N.Q.	N.Q.	N.Q.
EC IMPORT LEVIES			
Wheat 5/.....	75.60	2.06	+1.30
Barley.....	68.80	1.50	-2.80
Corn.....	54.00	1.37	+1.00
Sorghum.....	79.10	2.01	+1.15
Broilers 4/ 6/ 8/.....	168.00	--	-4.00
EC INTERVENTION PRICES 7/			
Common wheat(feed quality)	180.75	4.92	-4.95
Bread wheat (min. quality)7/	196.55	5.35	-5.35
Barley and all other feed grains.....	180.75	4.92	-4.95
Broilers 4/ 6/.....	1193.00	--	+7.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	N.A.	--	--
Barley.....	41.25	.90	--
Broilers 4/ 6/ 8/.....	132.00	--	-3.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects exchange rate change and not level set by EC. 9/ June-July shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis May delivery.

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